











NEWS: UK

European Court of Justice is urged to annul proposed ceiling on hours that can be spent at work

Government opens attack on EU directive

By Robert Taylor, Employment Editor

The British government urged the European Court of Justice in Luxembourg yesterday to annul the proposed European Union directive that will restrict by law the working time of employees to a maximum of 48 hours a week including overtime. It will also allow workers at least four weeks' annual paid leave.

Mr Beloff said the British government took "exception to the council's approach of presuming working hours generally affect health and safety of all workers". He argued that Brussels has no constitutional right to impose such laws on member states.

The UK insists that such a measure can be accepted only if it is unanimously agreed by all EU member states. "If the court reaches the view that the directive is not a health-and-safety measure but a social policy measure of a different character, it is invited to annul the directive in whole or in part," said Mr Beloff.

He added that the UK accepted that "in certain limited situations and in specific industries a sufficiently proven scientific connection exists between particular aspects of working hours and particular phenomena harmful to the health of certain workers and their ability to continue to work safely".

The EU's advocate general is set to give his opinion on the UK's case in March, and this will be followed by a full European Court verdict in the summer.

UK NEWS DIGEST

Fears on future of BBC World Service ease

Fears that the BBC World Service might have to cut broadcasts in languages other than English eased last night after a government retreat on plans to cut its budget. In the face of sustained opposition in the House of Commons from the Labour party and from backbenchers in the governing Conservative party, Mr Malcolm Rifkind, foreign secretary, said he had found a formula which could reduce the impact of planned budget reductions.

Mr Sam Younger, the World Service's managing director, had warned that output would be affected by a £10m (£15.4m) cut in next year's operating budget and a 20 per cent drop in capital funding. "I think we are going to have to reduce programme services, and listeners will notice," he said yesterday.

The foreign secretary told MPs he hoped that the service would save £30m through the PFI and that he and the Treasury would "look sympathetically at allowing" the surplus to be spent on programming.

Investment urged by City

The Corporation of London, the municipal authority for the City, attacked the government's failure to invest in the capital's transport infrastructure, arguing that declining commuter networks risked undermining the City's position as a financial centre.

The corporation said that over the past 30 years politicians had concentrated on the development of business centres and urban communities in rural areas. The corporation also claimed there was clear evidence that individual enterprises gained significantly if they were situated in big cities and that a "clustering" of activity could have benefits for the nation.

James Blith, Westminster Editorial Comment, Page 11

Nation of mortgage holders

The UK mortgage market is the largest in Europe, with British banks and building societies dominating their continental rivals in size. According to Datamonitor, management consultants, the UK retail market in 1994 was valued at \$588.6bn, compared with \$634.4bn in Germany and \$290.6bn in France.

Secrecy over road contractors

The government's Highways Agency has agreed to keep secret the names of some contractors working on the controversial Newbury bypass amid mounting concern about potential threats from protesters. The bypass will take traffic on the A34 road round the historic town of Newbury 80km west of London.

Italian army buys Land Rovers

Land Rover, part of BMW's Rover subsidiary, has won a contract to supply 370 Defender all-terrain vehicles to the Italian army worth an estimated £12bn. Rover said the deal was the first vehicle order for a British company from the Italian army.

Car protest: Demonstrators will protest outside Coventry Cathedral

Demonstrators will protest outside Coventry Cathedral in the English Midlands today against a service being held to mark the centenary of the foundation near the city of the British car industry. The protest will be led by RoadPeace, the charity for road traffic victims.

The economy: Figures for unsold goods at odds with efficiency claims by store chains

Stocks cast cloud over cheerful retail data

By Gillian Tett, Economics Correspondent

Mr Kenneth Clarke, chancellor of the exchequer, doubts the numbers. But some economists in the City of London are distinctly spooked by them. Either way, as the retail sales figures are published tomorrow, a mystery dogs one element of retailing - namely the data on retailers' stocks of unsold goods.

House of Fraser, for example, is one company which is now known to have been carrying excess stock last year. Mr Richard Scott, finance director, says the group is now addressing the problem through aggressive discounting.

But as Mr Patrick Moylan, director of the management consultants Kurt Salmon Associates, points out: "UK retailers are only just starting to address the issue of stocks. Some have done this already, but others still have a long way to go."

Products left on the shelf

Table showing changes in stocks in subsectors of retailers. Columns: 1992, 1993, 1994, 1995 (no fig). Rows: Food, Clothing & Household goods, Other non-food, Mixed business.



may be less efficient than large ones in managing stocks. However, the CSO itself rejects charges that the data are distorted. The stocks figures are based on information from 100 companies rather than 1000 GDP calculations, it says.

Un petit détail foxes the ministry

By Alison Maitland in London

It seems that language barriers are still causing embarrassing slip-ups for some member states in the European Union. Britain's agriculture ministry has had to retract information it gave farmers on new set-aside rules because of a language blunder.

Mr Douglas Hoeg, agriculture minister, has written to Mr Franz Fischler, the European farm commissioner, asking for the new regulation to be amended to take account of British needs.

There will be few mourners for the corporation set up to redevelop the city of Bristol

Desolation persists near 'Little America'

By Roland Adburgham in Bristol

Two billboards frame the view: one states "Bristol's international gateway project", the other "Bristol's new central business district". The view is of a desolate 10ha wasteland, used for parking cars.

In more recent years it has suffered from the decline in the aerospace and tobacco industries, and has fought back by persuading financial services and other groups to relocate to it.

Bristol has strong links with the US, origin of the largest number of non-UK companies which have established offices in the city.

Labour-controlled Bristol City Council, which unsuccessfully petitioned parliament to prevent its creation.

The BDC had government funding of £70m (£122m), which was modest compared with big spenders such as Merseyside in north-west England at £330m.

The project, named Quay Point, was to be the high point in the life of Bristol Development Corporation which, after a short but tumultuous life, has just been wound up. In spite of the failure to complete Quay Point, Mr Christopher Thomas, the corporation's chairman, said: "We have achieved virtually all that we set out to do."

At the outset, the BDC was given powers over 364 hectares, a collection of untidy industrial sites and derelict land. Its short life meant that neither the BDC nor the municipal authority was encouraged to find a modus vivendi.

Mr Grant Watson, senior partner of Alder King, a Bristol-based property agent, said: "The corporation has stuck to its guns and achieved quite a lot in a short time, and one has to judge whether that would have happened without it. I suspect it wouldn't."

covers Scotland outside the Highlands, insisted that key development programmes would not suffer. The organisation would make savings and prioritise its activities better.

The star catch of the BDC is the headquarters of NatWest Life, creating 1,000 jobs. Another success has been housing, with 670 houses built and a similar number planned.

US paper goods company bows to Brussels demand

By Emma Tucker in Strasbourg and Roderick Oram in London

Kimberly Clark yesterday agreed to sell its largest UK plant and to temporarily divert some of its brands in order to win European Commission approval for its takeover of Scott Paper.

Kimblex name for facial tissues for which it is virtually a generic name. "Splitting the brand will not promote enough competition in the market," said Mr Stephen Locke, policy director of the UK Consumers' Association. "Brussels hasn't really sorted out the problem."

Kimberly Clark said it would licence another manufacturer to use the Kimblex name on toilet paper and kitchen rolls for 10 years. For a further five years, neither party would use the name but Kimberly Clark would retain control thereafter.

Kimberly Clark's share of UK tissue paper production capacity by about 35 percentage points to below 40 per cent.

The Commission calculated that Kimberly Clark's divestiture would cut its share of the combined branded and own-label UK toilet paper market by about 14 percentage points from between 50 and 60 per cent.

Berlitz advertisement: Would speaking your customer's language have made the difference? Call Berlitz for details of 'Doing Business in' French/German/Spanish/Now on 0171-915 0939

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Sickness delays verdicts on Maxwell sons

By John Mason, Law Courts Correspondent

The Maxwell trial jury has finally gone the way of many families and businesses this winter and has fallen victim to sickness. The jury, which has been out for nine days, was given yesterday off after one of its members fell ill.

Mr Kevin Maxwell and Mr Ian Maxwell are sons of Robert Maxwell, the publishing tycoon and one-time Labour MP, who died in 1991. Mr Kevin Maxwell, Mr Ian Maxwell and Mr Larry Trachtenberg, a former adviser to Robert Maxwell, are charged with conspiring to defraud the Maxwell pension funds by using shares in Teva, an Israeli pharmaceutical company, which were owned by the funds to raise money for Maxwell private companies.

Mr Kevin Maxwell faces another charge involving the use of shares in Scitex, another Israeli company. All have denied the charges. The illness has been the only blip in the wait for the jury to return their verdicts. Overall, the end-game of the Maxwell trial has conformed to the pattern of that in other long fraud trials. With juries frequently out for several days, these are tense affairs which grind down the nerves with each successive day.

Unsurprisingly, this seems worst for defendants. Facing jail sentences of up to 10 years per charge, confronted by press photographers each morning, the Maxwell defendants are not, it appears, having much fun. Mr Kevin Maxwell and his brother Ian spend their time holed up in an office 60m from the courtroom, generally appearing only at the end of the day when the jury has been sent away. The judge remains in his room, generally appearing only at the end of the day to send the jury back to their hotel for the night.

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 Service case

## NEVER MIND THE PRICE, FEEL THE VALUE.

**W**hen you say 'shareholder value', do you sound convincing?

If you do, you're on your way to the top, or there already. It's one of those tests for modern business people: you just *have* to take shareholder value seriously.

But saying it with appropriate reverence, even writing mission statements about it, is easy. The hard work only starts when you try to put it into practice.

How *can* companies create shareholder value? And how they can make sure the world realises what they're doing?

The two questions are closely linked.

The concept of shareholder value straddles two different markets: the product market in which a company's goods and services trade; and the stock market, in which its equity changes hands.

The snag is that a company can do well in its product market but still fail to realise its potential shareholder value.

**T**here's no substitute for good product-market performance, of course; and any multi-line business also has to allocate capital properly between its subsidiaries.

But that may not be enough. If the share price is to reflect that success, investors must believe in the company's current management and future prospects. And if they don't, you can kiss shareholder value goodbye.

How do you get investors to believe in you and your future? Talking to them helps. So does a convincing annual report. But endless investor meetings and a raft of glossy photographs will only get you so far. Both these lines of approach, after all, work best with current shareholders or likely prospects.

And they focus on specifics – strategy, performance,

current outlook. More general, "softer" issues, such as brand management, corporate culture and the climate of the operating environment are hard to communicate by these means.

**S**o how do you deliver this more rounded message, to people who don't yet know they want to buy your shares? Investors who've vowed to steer clear of your industry, for example, after a nasty setback ten years ago. People who don't realise how the business has changed – and aren't likely to unless you tell them. Potential investors who don't understand just how rapidly your market is growing.

That's where targeted corporate advertising has a role to play. It's not the only way of reaching potential investors, but it's an important part of the communications mix.

Mind you, that's not an entirely unbiased opinion. The Financial Times is, after all, the ultimate targeted advertising medium, reaching financial and corporate decision-makers around the world.

Still, here's an unbiased conclusion. Taking a fresh look at corporate advertising isn't the only way of unlocking potential shareholder value. But it helps.

This series of FT advertisements is intended as a contribution to the debate on top-level management priorities as we approach the 21st century.

If you have any comments on the questions this series raises, or you'd like to talk about the issues of communicating the corporate message, either write to John Makinson, Managing Director, Financial Times, at 1 Southwark Bridge, London SE1 9HL or call him on +44 171-873 3233. Fax: +44 171-873 3937. E-mail: John.Makinson@FT.com.

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**Financial Times.  
 World Business Newspaper.**

This is the third of a series. Tomorrow: differentiation.















THE BRITISH GAS CONTRACTS DISPUTE

Take or pay contracts are a time-bomb ticking under British Gas. Its suppliers say a deal's a deal. FT writers outline the arguments

A question of who should bear the pain

The UK gas market is entering a new era. In two months' time, 500,000 households in the south-west of England should be able to choose who will supply their gas. By 1998, all of Britain's estimated 19m gas supplied households will be able to do the same, writes Peggy Hollinger.

British Gas claims that it has been caught at a debilitating disadvantage in the rush to liberalise the market. It argues that it has been locked into high-priced, "take-or-pay" contracts - dating from its days as a state-run monopoly and estimated to be worth more than £40bn (\$61.8bn) over the next 25 years - which put it at a competitive disadvantage at a time of low prices.

largest contract renegotiations ever undertaken in the UK. The demand has sparked an increasingly acrimonious debate over who should bear the pain of renegotiation: BG, producers, the government, consumers, or all four groups.

with BG, while selling much cheaper gas to the market's new entrants, including, like BG, to their own subsidiaries. They have also accelerated the development of fields in anticipation of the competitive market, at a time when oversupply was already depressing prices.

contracts into a separate company, and uncertainty over whether the parent will give a corporate guarantee, the fear must be that the utility will renege on its contracts. This could cause upheaval in the gas market and throw the government's plans for liberalisation off-course. Doubters need only look to the US, where wholesalers' refusal to pay for gas contracted under similar circumstances left prices low, consumers reluctant to buy for many years, and resulted in a string of bankruptcies.

The process has been lent impetus by BG's appointment of Mr Kenneth Gardener, a director of Chartered Bank, as a special negotiator.

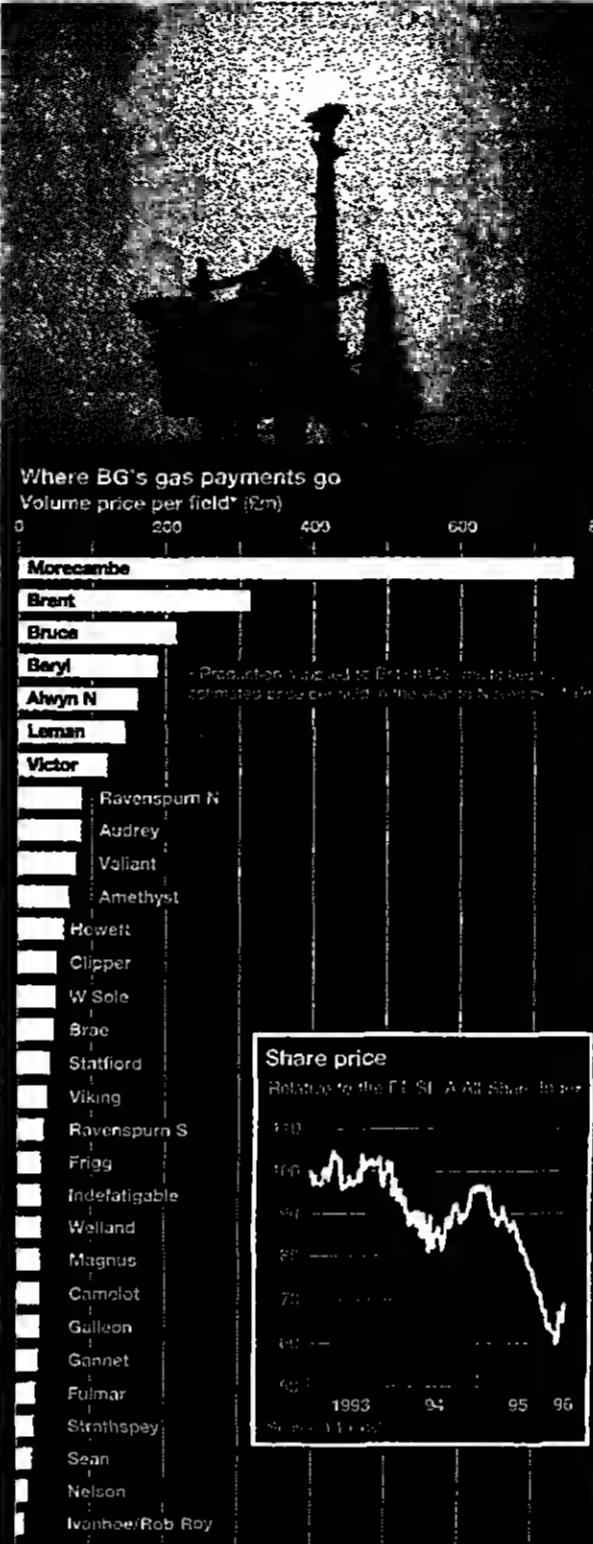
THE PRODUCERS CASE - By Peggy Hollinger

Why should we renegotiate now tables are turned?

Gas producers have no trouble reeling off horror stories about the strong-arm tactics used by British Gas in the past to negotiate long-term contracts. Tales abound of agreements which failed hours before signing, simply because the only buyer in town had decided to put a last squeeze on the producer.

much of its cost through the domestic pricing regime, it could afford to sell some Morecambe gas at cheaper prices into the competitive industrial market, contributing to a collapse in the spot price.

UK and the Continent - is up and running after 1988. "We could find BG in a position to buy market share in Europe," says one.



THE BRITISH GAS CASE - By Robert Corzine

Why should we pay for leftover from monopoly era?

In its fight to achieve a renegotiation of the "take or pay" contracts, British Gas argues that they are a legacy of the monopoly era and inappropriate to a fiercely competitive market.

that it already had more than sufficient supplies. BG counters that no one could have predicted the speed at which three problems would develop: its loss of share in industrial and commercial markets; the resulting build-up of the gas surplus; and the price collapse.

just 1 per cent of total British sales". It insists: "We are vividly aware of the danger of releasing excessive supplies and driving the market down."

It is impossible to escape the emotional impact which BG's demands for renegotiation of gas contracts has had on producers.

British Gas has been accused of strong-arm tactics. Its negotiating philosophy was "Why screw yourself when you can screw someone else?"

There are also strong industrial reasons which may compel the larger producers to come to the table. Uncertainty over the true level of the gas price (with BG paying at one level and others at another) could unsettle the market, as it did in the US.

Impact of lower prices on exploration and production

Field	Net present value \$bn (1975-1995)	ESP decline in value %
South Morecambe	1971	72
North Morecambe	207	9
Armadá	271	9

Failure to renegotiate contracts will put the company at a competitive disadvantage, and violate promises of a "level playing field"

Executive says the high price of Morecambe gas stems in part from government demands at the time of its development for a high offshore tax take. This could be changed with the approval of the tax authorities.

But executives say they could only give a penny of the company's average cost of gas if they cut the Morecambe price to the current average of 19-20p a therm. That would still leave BG with supplies well above the 14p-17p a therm average of most other producers and competitors.

So it is not surprising that the initial reaction to a review in the light of oversupply and falling prices has been hostile. Producers cite their duty to shareholders to protect the value of the contracts. They also see no legal or commercial reason why they should renegotiate contracts freely signed and approved by lawyers on both sides.

Producers also argue that they cannot renegotiate contracts while there is so much uncertainty over the shape of the gas market after 1988 - and over how much of the market will still be controlled by BG.

"We will work with the industry and we will work with the contractors," concludes a large supplier. "But we are not about to make our shareholders pay for the mistakes of other people."

It says its gas purchasing policy did change in the late-1980s in line with government moves to encourage greater competition. After the 1988 Monopolies and Mergers Commission report on the industry, it bought only half of the gas brought on stream by the offshore industry between that year and 1991.

Some City analysts say BG signed a contract to develop its Armada field in 1994 - even though the supply arm of the company told Mr Cedric Brown, the chief executive,

THE GOVERNMENT'S DILEMMA - By Robert Corzine

DTI optimistic 'win-win' solution can be found

The contracts dispute poses a difficult choice for the government. On the one hand, it is ideologically averse to intervention, with Mr Tim Eggar, the energy minister, having repeatedly called for a commercial solution.



Tim Eggar: ideologically averse to intervention

This could be compounded by concern that intervention might be seen as an admission of failure to appreciate the scale of the change it was unleashing in 1993, with its ambitious scheme to open the domestic gas market to full competition by 1998. The government denies, however, that it helped to create the surplus by bringing forward the opening of this market.

Tim Eggar says the problem is "extremely tractable... not as big as British Gas claims, but larger than the producers claim."

The government's official position is that the dispute is a "market transition issue" that is best handled through direct negotiations between British Gas and the producers on a contract-by-contract basis. The DTI says competition will benefit the industry, with opportunities arising for all participants. Those involved should co-operate because it is time the gas supply situation reflected the new market conditions.

Government-imposed levies have been used elsewhere to solve structural problems in the energy sector. One was imposed in Canada as part of its gas industry liberalisation. A levy is also being considered in the Northern Ireland electricity industry to cover the difference between current fuel prices and those of old pre-privatisation contracts. There is a nuclear levy in the UK to create a fund for decommissioning nuclear power stations. But while the prospect of a levy has

attracted much publicity, the government still wants a commercial solution. It also warns that failure to reach one could have long-term impact on the offshore industry. A failure of the proposed renegotiation process could "destroy the commercial orientation" which characterises problem-solving in the UK offshore oil and gas industry, says one official. DTI officials are clearly concerned that the start of the process has gone badly, with emotional reactions hindering progress. "It is unfortunate that producers adopted a generalised position before detailed talks began," says one senior official. "They should be more rational."

Possible solutions...

- No one solution is likely to win over all parties. More likely is a combination of proposals being mooted by the individual players. BG's Morecambe field, with its high priced volumes, will inevitably have to play a part in any deal. The following are some of the more popular suggestions.
- First tried in Western Australia. New entrants are required under licence conditions to take a proportion of BG's high priced contracts. This could force up the industry's average long-term price and so may limit cuts in consumer prices.
- Topgas scheme, first tried in Canada. British Gas borrows billions of pounds to buy out contracts at a discount to their present value. BG repays part of the loan from the proceeds of gas sales and part through a levy on all gas shipped, whether by the utility or its competitors. This cost would eventually be passed through to consumers. This way British Gas, producers and consumers all share the pain. However, any levy to bail out BG would be a controversial political move in the run up to an election.
- The petroleum revenue tax solution. The government foregoes PRT on gas covered by BG's contracts. Thus producers would receive the value they had attributed to the contracts, while BG pays the lower tax-free sum. This solution is most popular with bigger producers who would take no pain. However, the government is not likely to relinquish estimated annual revenues of more than £700m.
- Renegotiate contracts. BG's and the government's favoured solution, which is being resisted by producers. To succeed, renegotiation will have to include incentives for producers, such as lowering gas quality specifications, reductions in contracted volumes in exchange for higher prices later, and perhaps even asset swaps. Renegotiation would still require government action, for example, through tax relief.

# LEHMAN BROTHERS MERGERS AND ACQUISITIONS

Client	Transaction	Value (US\$)	Client	Transaction	Value (US\$)
General Motors Corporation and Electronic Data Systems Corporation U S WEST, Inc.	Consideration of potential spin-off of Electronic Data Systems Corporation	\$25,000,000,000	Crosland Group, Inc. Applied Immune Sciences, Inc. Mitsui & Co., Ltd.	Sale of 14 multifamily properties to Sunnuit Properties, Inc. Acquired by Rhine-Poulenc Rorer Inc. Acquisition of ammonia production facilities of Ocelot Ammonia Company	\$84,500,000 84,400,000 84,000,000
Tele-Communications, Inc. U S WEST, Inc.	Recapitalization involving the creation and distribution of U S WEST Communications Group and Media Group stocks	23,036,000,000	Burlington Resources Inc. (through its subsidiary, Meridian Oil Inc.)	Sale of natural gas gathering lines and storage facility in West Texas to K N Energy, Inc.	80,100,000
Baxter International Inc.	Recapitalization involving the creation and issuance of Liberty Media Group Series "A" and "B" Stock	19,520,855,000	VEBA AG MagneTek Inc. Tektronix, Inc.	Acquisition of 50% of Cable & Wireless Europe, S.A. Sale of its MagneTek Electric Inc. unit to General Signal Corp. Acquisitions of Lightworks Editing Systems Limited and Lightworks Editing System, Inc.	78,000,000 75,000,000 70,500,000
Marion Merrell Dow Inc. General Motors Corporation and Electronic Data Systems Corporation Ameritech International, Inc. and Singapore Telecommunications Limited (in consortium with Tele Danmark A/S)	Staged merger of domestic cellular subsidiary with domestic cellular subsidiary of AirTouch Communications	13,500,000,000	Colonial Company USX-Marathon Group Genentech, Inc. Santa Fe Energy Resources, Inc. Asahi Breweries, Ltd. and TIOCHU Corporation	Sale of Colonial Mortgage Co. to Colonial Banc-Group Inc. Sale of 4.6 million shares of USX-Delhi Group to USX-Delhi Group. Corporate alliance with Scios Nova Inc. Sale of its interest in Hadson Corporation to Louisville Gas & Electric. Acquisition of 75% interest in China Brewery (Holdings) Ltd. which owns majority equity interests in Beijing Zhongye Beijing Beer Co., Ltd. and Yantai C.S.I. Brewery Co., Ltd. in the People's Republic of China.	67,000,000 58,000,000 57,000,000 55,000,000 52,500,000
Independent Directors of LIN Broadcasting Corporation Meridian Bancorp, Inc. Rhône-Poulenc Rorer, Inc. Genentech, Inc.	Reorganization resulting in the proposed spin-off of its Health-Care Cost Management Company (Pending)	12,000,000,000	Sun Distributors, L.P. International Business Machines Corporation (through its wholly owned subsidiary IBM Semco SpA)	Sale of The Dorman Products division to R&B Inc. Increased its stake in Information Services Group	42,800,000 40,600,000
Peter Kiewit Sons', Inc.	Acquired by Hoechst AG	7,100,000,000	BBA Group PLC Applied Bioscience International, Inc.	Sale of Scandura North America to an affiliate of Harvest Partners, Inc. Sale of toxicology research facilities to Huntingdon International Holdings PLC	40,000,000 32,500,000
BB&T Financial Corporation and Southern National Corporation CBI Industries, Inc. VEBA AG Comcast Corporation TeleCable Corporation	Contribution of 173 million shares of GM Class E Common Stock to the GM Hourly-Rate Employees Pension Fund	6,900,000,000	SciGenics Inc. Ball Corporation Varco International, Inc. Gryphon Holdings, Inc.	Sale of its Stretch Fabrics Business to an affiliate of Harvest Partners, Inc. Acquired by Genetics Institute Inc. Sale of its Effatom division to Datum Inc. Dutch auction self tender for 3.3 million common shares	30,000,000 29,400,000 26,500,000 25,200,000
INIC Global Inc. BASF AG	Purchase of a 50% less one share interest in Belgacom S.A. (Pending)	5,077,000,000	Tesoro Petroleum Corp. Pool Energy Services Co. Quantum Health Resources, Inc. and OptimalCare Inc.	Purchase of 1.5 million shares of Gryphon Holdings, Inc. from Willis Corroon Group plc	24,000,000 17,800,000 8,000,000
The RTZ Corporation PLC	Sale of remaining public shares of LIN Broadcasting Corporation to AT&T Corporation	3,437,000,000	Lehman Brothers Global Asset Management Limited	Acquisition of Covwide Energy Services, Inc. (Pending) Acquisition of Golden Pacific Corporation	24,000,000 17,800,000
PTB Pay-TV Beteiligungs GmbH, Net-Hold B.V. and HRH Prince Ahmed Bin Talal Bin Abdulaziz Al Saud	Acquired by CoreStates Financial Corp (Pending)	3,233,000,000	Lehman Brothers Inc. Lehman Brothers Global Asset Management Limited Air Products and Chemicals, Inc.	Acquisition of 51% of OptimalCare Inc.	1,200,000 1,000,000 500,000
Fund American Enterprise Holdings, Inc. Dibwell Brothers, Incorporated	Acquisition of Fluors PLC	2,945,000,000	Ameritech Corporation	Sale of its London-based investment management business related to Lehman Brothers Latin America Growth Fund Inc. to American Express Financial Corp.	—
Ball Corporation	Agreement with Roche Holdings to extend for four years its option to buy the remaining outstanding shares of Genentech, Inc.	2,883,000,000	Applied Bioscience International, Inc.	Sale of 20,000 brokerage accounts to Prudential Securities Inc. Sale of its London-based investment management business related to the Italy Fund to Smith Barney Inc.	—
Sammons Communications, Inc. California Energy Company, Inc. MobileMedia Corporation	Spin-off of MFS Communications Company, Inc. to its Class D shareholders	2,800,000,000	Avic, Inc. Bayerische Hypothekenz- und Wechsel-Bank Bertelsmann AG	Acquisition through three tender offers, of up to 74.2% of the outstanding common shares of Sociedad Española de Carburos Metálicos, S.A.	—
Lear Seating Corporation Lord Corporation Sammons Communications, Inc.	Merger of equals	2,269,400,000	Brunswick Corporation	Acquisition of The National Guardian Corporation from LEP Group PLC	Undisclosed
Natural Gas Clearinghouse Thokol Corporation	Acquired by Proxair, Inc.	2,224,000,000	Decision Servcom, Inc. Detech Corporation Digital Equipment Corporation Digital Equipment Corporation	Acquisition of the Leicester Clinical Research Centre Ltd. from Huntingdon International Holdings PLC	Undisclosed
Cobra Golf Incorporated Yoshida Corporation	Sale of 45% stake in VEBACOM GmbH to Cable & Wireless Plc	1,776,000,000	R.R. Donnelley & Sons Company	Acquisition of Agency Rent-A-Car from National Auto Credit, Inc.	Undisclosed
Kingdom of Spain (Ministry of Public Works, Transportation and Environment) Hameccanica S.p.A. Glaxo plc	Acquisition of The E.W. Scripps Company cable properties (Pending)	1,575,000,000	EJV Partners, L.P. Electronic Data Systems Corporation Eli Lilly and Company GMAC Mortgage Corporation Harnischfeger Industries, Inc. IDEC Pharmaceuticals Corporation International Business Machines Corporation	Acquisition of the Commercial Division of BMG Ricordi S.p.A., a subsidiary of BMG International, part of the Bertelsmann Group, to Giangiacomo Feltrinelli Editore S.p.A. (Pending)	Undisclosed
Republic New York Corporation Bostin Scientific Corporation Southern New England Telecommunications Corp. William Ziegler, III and the Ziegler Trusts	Merger of TeleCable Corporation into TCI Communications, Inc., a wholly owned subsidiary of Tele-Communications, Inc.	1,538,000,000	International Multifoods Corporation IVI Business Travel International Kellogg Company of Great Britain, Limited Knoll AG (a wholly owned subsidiary of BASF AG)	Sale of substantially all of the assets of its Technical Group to the newly formed Technical Products Group, Inc., a company controlled by Equus Capital Management Corp.	Undisclosed
Alliant Technologies Inc. Aitaha S.p.A. and Eintecca S.p.A. ANP Incorporated Meridian Bancorp, Inc. CoreLine, Inc.	Common stock merger with The Vigoro Corporation (Pending)	1,480,000,000	Lehman Brothers Global Asset Management Inc. Lehman Brothers Holdings Inc.	Acquisition of Bell Atlantic Business Systems Services, Inc. Acquired in a management buyout	Undisclosed
Linnet Data Communications Ltd. Harnischfeger Industries, Inc. First Mississippi Corporation Generic Therapy, Inc. Bath Iron Works Corporation National Westminster Bank Plc (through its subsidiary, National Westminster Bancorp)	Acquisition of the Boots Pharmaceuticals division of The Boots Company PLC	1,380,000,000	Lehman Brothers Holdings Inc. Liberty Brokerage Investment Corp.	Acquired in a management buyout	Undisclosed
BBA Group PLC Oxy Energy Company	Acquisition of minority interest in and formation of exploration and development joint venture with Freeport-McMoRan Copper & Gold Inc.	1,350,000,000	Loanet Holdings, Inc.	Sale of manufacturing services business to SCI Systems, Inc.	Undisclosed
Truck Components Inc. EM Industries, Inc. (a subsidiary of Merck AG) National Westminster Bancorp Inc.	Acquisition of up to 25% of Mediset S.p.A.	1,133,000,000	The LTV Corporation MagneTek Inc.	Sale of its Text Terminal Business to the SunRiver Data Systems Inc. unit of All-Quotes, Inc.	Undisclosed
British Petroleum plc. Waternill Ventures, Ltd. Foster Wheeler Corporation	Sale of Source One Mortgage Services Corporation (Pending)	1,108,000,000	Net-Hold B.V.	Contributing its wholly owned subsidiary, Global Software Services Corp., to Stream International along with SHI Holdings, Inc., contributing Corporate Software Inc. to Stream International	Undisclosed
Employee Benefit Plans, Inc. Lehman Brothers Holdings Inc.	Merger of equals with Monk-Austin, Inc. to form DiMan Incorporated	1,021,000,000	Petroleos de Venezuela, S.A. Quality Tubing, Inc. Rhône-Poulenc S.A.	Acquired by Global Financial Information Corporation	Undisclosed
Northeast Federal Corp. Hayting Corporation William Ziegler, III and the Ziegler Trusts	Creation of a joint venture with Compagnie de Saint-Gobain S.A. to acquire Ball Glass Corporation and the Foster-Forbes Glass Division of Pechiney S.A.	1,000,000,000	Robbins & Myers, Inc. Robbins & Myers, Inc. Rosam S.r.l.	Acquisition of A.T. Kearney, Inc.	Undisclosed
Boston Scientific Corporation Energy Corporation of America Vittek Surgical Products Inc. Alko Standard Corporation Nicoret Research, Inc. Orion Corporation	Sale of certain cable television systems to Marcus Cable Company, L.P.	962,500,000	S3 Incorporated Sames Pharmaceutical Co., Ltd.	Acquisition of remaining 70% interest in Integrated Medical Systems Inc.	Undisclosed
Oryx Energy Company Black Drug Co., Inc. Ligand Pharmaceuticals Incorporated International Jensen Incorporated Lehman Brothers Holdings Inc.	Acquisition of Magma Power Company	940,000,000	Selectide Corporation Shell Oil Company	Acquisition of Republic Realty Mortgage Corporation	Undisclosed
Cardiovascular Imaging Systems Inc. Banc Alkali, S.A.	Acquisition of BellSouth Corp.'s MobileComm paging subsidiary and its two-way nationwide narrowband Personal Communications Services License	930,000,000	Singapore Telecom International Pte Limited	Sale of its subsidiary, Syscon Corporation, to Logicon, Inc.	Undisclosed
CCL Industries Inc.	Acquisition of Automotive Industries Holdings, Inc.	909,400,000	Sprint Telecommunications Venture (a joint venture comprised of Sprint Corporation, Tele-Communications Inc., Comcast Corporation and Cox Communications Inc.)	Strategic Alliance with Genentech, Inc.	Undisclosed

INTERNATIONAL COMPANIES AND FINANCE

Repsol abandons OMV plastics merger plan

By Daniel Green

Repsol, the Spanish oil and gas company, said yesterday that a plan to merge its plastics business with Austria's OMV had been abandoned.

But Repsol shares rose Pt40 yesterday to Pt4,035. Analysts said the long delay in finalising the venture with OMV meant that few in the market were surprised at its cancellation.

joint ventures in Europe, the Copenhagen-based alliance between Neste of Finland and Statoil of Norway, and that formed by Motedison of Italy and Royal Dutch/Shell.

chemicals prices recovered faster than others. The Spanish newspaper Expansion said the state-owned Abu Dhabi petrochemicals company, which is a large shareholder in OMV, also opposed the plan.

operating in oil exploration in Libya. Furthermore, although Repsol and OMV have discarded their plans to group all their plastics business, we are still in negotiations over co-operation in certain areas of that activity," they said.

division has been in doubt since mid-1993 when the company announced a big restructuring. At the time OMV hinted that it would like to get out of the volatile polyolefins and plastic products businesses.

BNP breaks ranks on cash machines

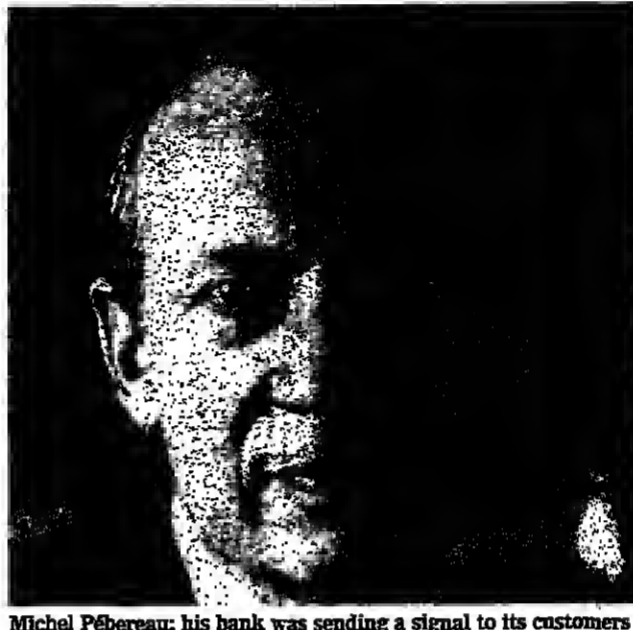
By Andrew Jack in Paris

Banque Nationale de Paris, one of France's largest banking groups, yesterday broke ranks with its rivals by announcing it would charge clients for making multiple withdrawals from cash machines other than those it owns.

At present, customers of French banks using the "Carte Bancaire" plastic card can withdraw money from any rival bank's cash dispenser as well as their own without incurring charges.

new warned clients it would now start to charge this FFrs transaction fee to any of its customers who make more than six withdrawals a month from another bank's machine.

He stressed that the action was only designed to affect those who carried out large numbers of such transactions, and studies showed it would only lead to charges for about 3 per cent of its customers, representing 100,000 accounts.



Michel Pébereau: his bank was sending a signal to its customers

Benckiser sniffs out Maybelline as a takeover target

The acquisitive German company will have an uphill struggle to close the deal, writes Andrew Fisher

John A. Benckiser, the German detergents and cosmetics company, has a habit of hitting the headlines, going quiet for a while and then bouncing back into the news.

US, adding to its detergents business and expanding in consumer products. After digesting its new activities, it pounced again in May, 1992, to buy the Coty cosmetics and fragrances company from Pfizer of the US for \$440m.

household detergents and cleaning agents, the company's original consumer products business, including Calgon (the world's leading water softener) and automatic dishwashing products under the Calgonit, Finish and Electrasol brands.

still keeping its cards close to its chest over the offer for Maybelline, which is based in Memphis, Tennessee, has sales of around \$350m and makes such mass-market products as lipstick, mascara and nail varnish.

ella, the New York investment house, which has pledged its stock to L'Oréal, Benckiser has an uphill struggle ahead of it. It is now up to the German company to name its offer price.

At the end of 1992, it had debt of DM3.2bn which had been reduced to DM2.4bn two years later; in 1995, it shed a further DM400m or so of borrowings. One of its main lenders has been Deutsche Bank.

Financial statements for Gold Fields Ghana Limited, including Consolidated Income Statement and Balance Sheet for 1995.

Magneti Marelli plans to double sales in Americas

By Peter Marsh

Magneti Marelli, the Italian automotive parts company controlled by Fiat, plans to double its sales in North and South America over the next five years through a series of investments in the region and increased exports from Europe.

Magneti also plans to step up its activities in China, where it has one factory making instrument panels which is due to start production by early next year.

Of Magneti's annual sales of \$3.4bn, only about 10 per cent comes from sales in North and South America. Mr Bordone said in an interview the company aimed to double the sales in the region to about \$680m by 2000.

The company is investing about \$8m in Cannock and another \$8m at a lighting plant in Turin to make a new generation of headlamps with plastic lenses.

EUROPEAN NEWS DIGEST

Court backs Matra Hachette share swap

The Paris appeals court yesterday rejected the complaint of five French minority shareholders of Matra Hachette that they had been unfairly treated at the time of the 1993 merger between Matra and Hachette, respectively the defence, industrial and publishing arms of the Lagardère group.

Axa announces restructuring

Axa, the large French insurance group, yesterday announced a FFrs9bn (\$1.2m) capital increase and a restructuring following which Generali, the Italian insurer, will directly control 11 per cent of the group.

Italian groups in outsourcing deal

Four leading Italian informatics companies yesterday launched a joint venture aimed at securing a big share of the country's fast-growing outsourcing market, currently worth L2,000bn (\$1.27bn) and expected to double by 2000.

Coflexip Stena in shake-up

Coflexip Stena Offshore has decided to give more power to its new chairman and chief executive, Mr Pierre Marie Valentin. The Franco-Swedish company, which makes flexible underwater pipes for the oil industry, wants to simplify its management structure.

Karstadt sales flat in 1995

Karstadt, the German retailer, said 1995 group sales were DM26.9bn (\$16.6bn), 0.6 per cent lower than a year earlier. Parent company sales dropped 5 per cent to DM13bn in the reporting year, with the Karstadt travel agency business contributing about DM833m.

French banks fined over loans

France's two largest banks were yesterday fined FF210m (\$42.4m) by a commercial court in Angoulême for negligence in granting credit to a company in financial difficulties.

Franco-US share trade venture

Hambrecht & Quist, the US venture capital group, and Financière Saint Dominique, a subsidiary of Crédit National, the French banking group, yesterday announced the creation of a joint venture designed to trade shares and introduce fast-growing companies to stock markets around Europe.

Moulinex nine-month sales stable

Moulinex, the French consumer electronics group, said sales rose 0.4 per cent from a year earlier to FFrs.9bn (\$1.2bn) in the nine months to December. On a comparable structure basis and at constant exchange rates sales would have been up 4.8 per cent to FFrs6bn.

Advertisement for SBA SOCIETE GENERALE ACCEPTANCE N.V. 300,000,000 REVERSE FLOATING RATE NOTES.

Advertisement for SBA SOCIETE GENERALE ACCEPTANCE N.V. 300,000,000 REVERSE FLOATING RATE NOTES.





Sakura Bank in Asian co-operation pact

By William Dawkins in Tokyo
Japanese banks hunt for new corporate customers in Asia...

with Thailand's Bangkok Bank, the state-owned Bank Negara Indonesia, Development and Commercial Bank of Malaysia...

dent banks, settling accounts on each other's behalf. Sakura said it aimed to consolidate its Asia corporate base...

now accounts for more than a quarter of Japanese banks' outstanding foreign loans, about the same as Europe. Leading banks have opened offices in Thailand, China, Malaysia and Vietnam...

However, the balance has recently shifted towards lending to Asian companies and government backed infrastructure projects.

TNT sells troubled Spanish operation

By Nikki Tait in Sydney

TNT, the Australian transport group, has sold TNT Express Espana, its troubled Spanish express freight operation...

ASIA-PACIFIC NEWS DIGEST

NTT Data Systems plans Y140bn issue

Japan's NTT Data Systems, an information systems and computer networking systems servicer and a subsidiary of Nippon Telegraph & Telephone, plans a Y140bn issue of new shares...

In the year to March 31 1996, NTT Data expects to lift consolidated pre-tax or recurring profit, to Y25.3bn (€24.5bn), up from Y18.7bn the year before.

New Asian investment fund

Mitsubishi Corp of Japan is linking with Temasek Holdings of Singapore and Bangkok Bank to set up a Y10bn investment fund to support privatisation and business development in Asia.

BankWest offering closes early

BankWest, the Perth-based regional bank acquired last year by Bank of Scotland, confirmed yesterday it would close its AS437.7m share offer this afternoon because of heavy demand from investors.

Gengold disappoints with 19% quarterly rise

By Mark Ashurst in Johannesburg

Gengold, the gold mining subsidiary of South African mining and industrial house Gencor, yesterday reported a 19 per cent rise in after-tax income to R68m (\$18.2m) for the December quarter against the September period.

control at Buffelsfontein with a 9 per cent shareholding. Mr Dale said the sale had the support of the two directors nominated by Anglo American, which has a 26 per cent stake.

tonne at the flagship Beatrice mine, compared with 6.3 grammes per tonne in the September quarter and 6.1 grammes last year. Kinross mine reported a loss of R1.1m, down from the September quarter loss of R2m, after absorbing R9.6m in capital expenditure.

investments, suggesting the fate of marginal mines could depend on higher bullion prices. "Unless you have secured the business, you might as well deal in commodities. I would have liked to see more hedging," said one.

head office had entailed the loss of 70 per cent of jobs. Anglovaal Minerals also reported quarterly results for its gold mines yesterday, reporting a 12 per cent rise in after-tax profits to R34.5m, compared with R30.9m in the September quarter.

Australian film group in flotation

By Nikki Tait

The Becker family is to float its privately-held film and television production and distribution company, the Becker Group, on the Australian Stock Exchange next month.

Soros gives nod of approval to Japanese equities

By Gerard Baker in Tokyo

The Japanese stock market's strengthening recovery received the endorsement of one of the world's more prominent investors yesterday, when Mr George Soros said Japanese equities represented the best prospects for world funds in 1996.

are still heavily over-valued by international standards. The Japanese equity market is already enjoying one of its longest rallies in recent years.



George Soros: sees continued sharp rise in company profits

yen against the dollar. "We believe the Japanese authorities will continue to maintain a more stimulative policy than that of the US and the yen will depreciate through 1996," he said.

yen and stronger stock prices assist the still anaemic economic recovery. One of the most attentive participants in the seminar yesterday was Mr Eisuke Sakaibara, a senior finance ministry official who has been active in attempts to drive the yen down and stocks up in the past year.

Berjaya lifts Australian presence

Berjaya Group of Malaysia is acquiring stakes in three Australian companies for a total A\$43.6m. It will buy a 60 per cent interest in Video Eye Unit Trust for A\$9.6m, and a 50 per cent stake in Advanced Medical Technology and Gribbles Pathology Trust, for a combined A\$34m.

Merger talk boosts Inkel stock

Shares of Inkel, a unit of South Korea's Haitai Group, closed sharply higher yesterday on rumours that the group might merge Inkel with two other electronics units: Haitai Electronics and Now Precision. Shares of Inkel closed at Won12,000, after leaping by the daily limit of Won600, or 5.3 per cent.

KOREA GROWTH TRUST
International Depositary Receipts (IDRs)
Notice is hereby given to the Unitholders that Korea Growth Trust, managed by Citicorp Investment Trust Management Co. Ltd., Seoul, declared a distribution of won 40,000 per IDR of LTIU units payable on or after February 3, 1996.

BANQUE SOFINCO
FRF 1,000,000,000
Floating Rate Notes due 1996
Notice is hereby given that the rate of interest for the period from January 17th, 1996 to April 17th, 1996 has been fixed at 4.8325% per annum, per annum.

Table with columns for Bid, Offer, and various financial metrics for different companies or instruments.

We are pleased to announce the election of the following officers
Joel Ackerman
Vice President
WARBURG, PINCUS VENTURES, INC.
Frederic Stolar
Jeremy S. Young
Vice President
E.M. WARBURG, PINCUS & CO. INTERNATIONAL, LTD.

INDIAN INVESTMENT COMPANY
Societe d'Investissement a Capital Variable
Siège social: 47, Boulevard Royal
1-2449 Luxembourg
R.C. Luxembourg B 44.268
NOTICE OF MEETING
Dear Shareholder:
We have the pleasure of inviting you to attend the Annual General Meeting of the Shareholders to be held on January 25, 1996 at 11.00 a.m. at the shareholders' registered office at 47, Boulevard Royal, L-2449 Luxembourg, with the following agenda:

Republic of Finland
US\$1,000,000,000
Floating rate notes due 1997
Notice is hereby given that the interest rate for the period from 17 January 1996 to 17 July 1996, interest payable on 17 July 1996 will amount to US\$275.49 per US\$100,000 of face value.

Table with columns for Bid, Offer, and various financial metrics for different companies or instruments.

US\$150,000,000
Espirito Santo
Financial Holding S.A.
Floating Rate Notes due 2000
Notice is hereby given that for the three month period from January 17, 1996 to April 17, 1996 the Notes will carry an interest rate of 6.0875% per annum.

USD 10,000,000,000
EURO MEDIUM TERM NOTE OF SOCIETE GENERALE
S&A SOCIETE GENERALE ACCEPTANCE N.V. AND SOCIETE GENERALE AUSTRALIA LIMITED
SERIE N° 52
S&A SOCIETE GENERALE ACCEPTANCE N.V.
FRF 1,100,000,000 REVERSE FLOATING RATE NOTES DUE APRIL 2004
ISIN CODE : XS0048190586
Notice is hereby given to the Noteholders that, pursuant to the Terms and Conditions of the Notes, the rate applicable to the period from January 15th, 1996 to April 15th, 1996 has been fixed at 5.350239 % p.a.







COMMODITIES AND AGRICULTURE

US forecasts still tighter world feedgrain market

By Laurie Morse in Chicago

The US Department of Agriculture yesterday raised its estimate of demand for US maize and reduced...

too low to keep what traders call the grain merchandising "pipeline" primed.

Smetana, research director for the analysis firm AgResources, "However, the market seems to be putting aside the US situation and focusing more on what's happening in Latin America, where the next harvest will be."

Analysts predict volatile year for metals

The activities of hedge and commodity funds may add spice, writes Kenneth Gooding

Metals prices are expected to be more volatile than ever this year because of the activities of the US hedge and commodity funds.

On the London Metal Exchange base metals prices have been under downward pressure as the funds have sold short - sold metal they did not own in the expectation that prices would fall so that they could buy at the lower level and pocket the difference.

Wall Street influences both consumption - through housing and building and motors - and capital spending - the big driver of metals demand.

Mr Crowson at RTZ suggests, however, that global economic activity turns out to be much weaker than Merrill Lynch is predicting, while he expects his copper forecast to be on the high side.

On the other hand, nickel prices this year are almost universally expected to be above the 1995 level. Stainless steel is the biggest consumer of nickel and there is a great deal of new stainless production capacity about to come into operation.

ANALYSTS' FORECASTS FOR AVERAGE PRICES IN 1996 (US cents a pound for base metals, US dollars a troy ounce for precious metals)

Table with columns for Aluminum, Copper, Lead, Nickel, Tin, Zinc, Gold, Platinum, Silver. Rows list various analyst firms and their 1996 forecasts.

Zambian copper rescue talks begin

By Kenneth Gooding, Mining Correspondent

Anglo American Corporation of South Africa is stepping up its initiatives to save Zambia's copper industry. Anglo started talks yesterday in London with Zambian government officials...

"With falling output and copper prices this year widely expected to fall, the government could see a danger that, just as elections were taking place, ZCCM might be going bust," said Mr Michael Coulson, analyst at Nedcor Securities...

There was a synchronised slowing down of economic activity in the base metal-consuming areas for the first time in three years in the first quarter of 1995, Mr Wiktor-Jelecki, analyst at Bain & Company, the Deutsche Bank subsidiary...

LME WAREHOUSE STOCKS (in 1000 tonnes) table with columns for Aluminum, Copper, Lead, Nickel, Tin, Zinc.

COMMODITIES PRICES

BASE METALS

Table for BASE METALS including Aluminum, Copper, Lead, Nickel, Tin, Zinc prices.

Precious Metals continued

Table for Precious Metals including Gold, Silver, Platinum, Palladium prices.

GRAINS AND OIL SEEDS

Table for GRAINS AND OIL SEEDS including Wheat, Maize, Soybeans prices.

SOFTS

Table for SOFTS including Coffee, Cocoa prices.

MEAT AND LIVESTOCK

Table for MEAT AND LIVESTOCK including Live Cattle, Pork, Sheep prices.

LONDON METAL EXCHANGE

Table for LONDON METAL EXCHANGE including Gold, Silver, Platinum prices.

ENERGY

Table for ENERGY including Crude Oil, Heating Oil, Natural Gas prices.

MINOR METALS

Table for MINOR METALS including Manganese, Vanadium prices.

INDICES

Table for INDICES including Reuters, CRB Futures, S&P 500 prices.

LONDON TRADED OPTIONS

Table for LONDON TRADED OPTIONS including Aluminum, Copper, Nickel options.

LONDON SPOT MARKETS

Table for LONDON SPOT MARKETS including Crude Oil, Oil Products prices.

PRECIOUS METALS

Table for PRECIOUS METALS including Gold, Silver, Platinum prices.

NATURAL GAS INDEX

Table for NATURAL GAS INDEX including Henry Hub, NYMEX prices.

MINOR METALS

Table for MINOR METALS including Manganese, Vanadium prices.

INDICES

Table for INDICES including Reuters, CRB Futures, S&P 500 prices.

LONDON SPOT MARKETS

Table for LONDON SPOT MARKETS including Crude Oil, Oil Products prices.

JOTTER PAD advertisement for a notepad with a crossword puzzle.

CROSSWORD advertisement for a crossword puzzle.

MARKET GARDEN advertisement for a crossword puzzle.

Handwritten Arabic text at the bottom of the page.

INTERNATIONAL CAPITAL MARKETS

Renewed talk of rate cuts helps German sector

By Martin Brice in London and Lisa Branten in New York
Government bonds powered ahead yesterday, with a number of European futures contracts breaking through key resistance points. Although US Treasuries recovered some of last week's losses in early trading, they underperformed German bonds, which were helped by renewed talk of rate cuts.

EIB raises DM1bn in tightly priced opportunistic deal

By Corner Middleman
The recent flood of D-Mark paper continued unabated yesterday, with DM3.6bn of bonds hitting the primary market. The European Investment Bank complemented last week's borrowing blinge with a further DM1bn offering of five-year bonds. Contrary to its negotiated issues last year, this deal was of an opportunistic nature, and accordingly tightly priced, yielding only 20 basis points over bonds.

points to 3.45 per cent and on 10-year paper by 4 basis points to 5.54 per cent, while the yield spread of bonds over 10-year Treasuries tightened from 6 to 4 basis points. On Liffe the March 10-year bund future closed at 100.95, up 0.45. Mr Karl Haefling of Deutsche Morgan Grenfell in Frankfurt said: "The markets are overbought, but that doesn't mean they can't get more overbought."

GOVERNMENT BONDS

"We saw quite strong buying of the French future contract at the same time as selling of the bund contract," he said, but warned that some correction was now likely at present price levels. Mr John Hall, head of European economic research at SBC Warburg, said the markets were "far too bullish on France" and is recommending

to 4.55 per cent, while on 10-year bonds it fell 9 points to 6.55 per cent. Mr Dominique Barbet, head of French bond market research at Paribas Capital Markets, said spread trades between Germany and France had been a feature of trading. "The yield spread over Germany on Italian 10-year bonds moved in from 488 to 455 basis points, and on Spanish bonds from 353 to 347 points.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, US Dollars, Amount, Coupon, Price, Maturity, Fees, Spread, Book runner. Lists various international bond issuances including Borsner, S-MARCO, and others.

Structured finance in Australia 'to expand sharply'

By Niki Tait in Sydney
Australia's structured finance market is forecast to expand sharply in the current year, with around A\$5bn of securities issued, according to a report from Moody's Investors Service, the US-based ratings agency. Moody's attributed its optimism to the belief that the mortgage-backed securities market, which took off in Australia last year, will remain extremely active.

Repsol prospectus today

Repsol, the Spanish oil, gas and chemicals group in which the government is selling a further 11 per cent through a global offering, is expected to publish its prospectus today, Antonia Sharpe writes. The issue, set to raise about Ptas130bn or \$1.07bn at current prices, will take place at the end of this month. It will be divided into five tranches - Spain, the UK, continental Europe, the US and the rest of the world. The government, which will retain a 10 per cent stake, is likely to sell half of the 33m shares outside Spain.

Table: BENCHMARK GOVERNMENT BONDS. Columns: Country, Coupon, Red, Date, Price, Days, Yield, Week, Month ago. Lists benchmark rates for Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK, US Treasury, etc.

Table: US INTEREST RATES. Columns: Rate, One month, Three months, Six months, One year, Two years, Three years, Five years, Ten years. Lists various interest rates.

Table: ITALY NATIONAL ITALIAN GOVT. BOND (ITP) FUTURES. Columns: Strike Price, Feb, Mar, Apr, Jun, Sep, Dec, High, Low, Est. vol., Open Int. Lists futures prices for Italy.

Table: SPAIN NATIONAL SPANISH BOND FUTURES (SEF). Columns: Open, Settle, Change, High, Low, Est. vol., Open Int. Lists futures prices for Spain.

Table: UK NATIONAL UK GOVT BOND FUTURES (UFT) £50,000 30 days of 100%. Columns: Strike Price, Feb, Mar, Apr, Jun, Sep, Dec, High, Low, Est. vol., Open Int. Lists futures prices for UK.

Table: FRANCE NATIONAL FRENCH BOND FUTURES (MATIF) FF500,000. Columns: Open, Settle, Change, High, Low, Est. vol., Open Int. Lists futures prices for France.

Table: GERMANY NATIONAL GERMAN BOND FUTURES (LIFFE) DM250,000 100% of 100%. Columns: Open, Settle, Change, High, Low, Est. vol., Open Int. Lists futures prices for Germany.

Table: FT-ACTUARIES FED INTEREST INDICES. Columns: Price Index, Day's change, 10, 15, 20, 30, 40, 50, 60, 70, 80, 90, 100, 110, 120, 130, 140, 150, 160, 170, 180, 190, 200. Lists interest indices.

Table: FT FIXED INTEREST RATES. Columns: Jan 10, Jan 15, Jan 20, Jan 25, Jan 30, Jan 31, Jan 30, Jan 25, Jan 20, Jan 15, Jan 10. Lists fixed interest rates.

Table: FT/ISMA INTERNATIONAL BOND SERVICE. Lists various international bond service details.

Table: BOND FUTURES AND OPTIONS. Columns: Strike Price, Feb, Mar, Apr, Jun, Sep, Dec, High, Low, Est. vol., Open Int. Lists bond futures and options.

Table: UK GILTS PRICES. Columns: Issue, Bid, Offer, Price, High, Low. Lists UK gilt prices.

Table: US TREASURY BOND FUTURES (CST) \$100,000 30 days of 100%. Columns: Open, Settle, Change, High, Low, Est. vol., Open Int. Lists futures prices for US Treasury bonds.

Table: DEUTSCHE MARK STRATEGIES. Lists various Deutsche Mark strategies and their details.

Table: ECU BOND FUTURES (EMATIF) ECU100,000. Columns: Open, Settle, Change, High, Low, Est. vol., Open Int. Lists futures prices for ECU bonds.

Table: JAPAN NATIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) ¥100m 100% of 100%. Columns: Open, Settle, Change, High, Low, Est. vol., Open Int. Lists futures prices for Japan.

Table: EURO BOND FUTURES (EMATIF) EURO100,000. Lists various Euro bond futures.

Table: OTHER FIXED INTEREST. Lists various other fixed interest instruments.

Table: FT ACTUARIES FED INTEREST INDICES. Lists various actuarial interest indices.

Table: FT FIXED INTEREST RATES. Lists various fixed interest rates.

Table: FT/ISMA INTERNATIONAL BOND SERVICE. Lists various ISMA international bond service details.

Table: US TREASURY BOND FUTURES (CST) \$100,000 30 days of 100%. Lists various US Treasury bond futures.

Table: DEUTSCHE MARK STRATEGIES. Lists various Deutsche Mark strategies.

Table: EURO BOND FUTURES (EMATIF) EURO100,000. Lists various Euro bond futures.

Table: OTHER FIXED INTEREST. Lists various other fixed interest instruments.

Europe, the US and the rest of the world. The government, which will retain a 10 per cent stake, is likely to sell half of the 33m shares outside Spain. SBC Warburg, which is arranging the privatization of Repsol, which has taken over British Rail's track, stations and signalling, has received submissions from 35 banks wanting to take part in the syndicate.

CURRENCIES AND MONEY

MARKETS/REPORT

Dollar gains at expense of the D-Mark

By Graham Boy

Fears of a sharp downturn in the German economy buoyed the dollar...

The French franc rose against the D-Mark but its gains were limited...

The debate over the seriousness of the slowdown in the German economy continued...

German interest rate expectations... Derived from June '96 Euro-D-Mark rate...

today. Dealers said a large decline in the repo rate would further illustrate the current downward trend...

impact of the expectation of a slowdown had not yet been fully felt by the D-Mark...

The dollar was the main beneficiary of the D-Mark's decline despite comments by Mr Newt Gingrich...



Table with columns: Jan 10, Bid/offer, Change on day, Spread, High, Low, One month, Three months, Six months, One year, Bank of England Index.

Table with columns: Jan 10, Bid/offer, Change on day, Spread, High, Low, One month, Three months, Six months, One year, J.P. Morgan Index.

WORLD INTEREST RATES

Table showing interest rates for various countries like Belgium, France, Germany, Italy, etc., with columns for 1m, 3m, 6m, 1y, 2y, 3y, 5y, 10y.

EURO CURRENCY INTEREST RATES

Table showing Euro currency rates for various countries like Belgium, France, Germany, Italy, etc., with columns for 1m, 3m, 6m, 1y, 2y, 3y, 5y, 10y.

CROSS RATES AND DERIVATIVES

Table showing exchange rates for various currencies like Australian, Hong Kong, Indian, etc., with columns for Bid/offer, Change on day, Spread, High, Low, One month, Three months, Six months, One year.

LONGER VIEW GIVES A DIFFERENT STORY

Annual average exchange rates 1984-95

Table showing annual average exchange rates for various currencies from 1984 to 1995.

THE BOMBAY DYEING & MFG. CO., LTD

Notice regarding the company's financial statements and shareholder information.

UK INTEREST RATES

Table showing London money rates for various terms like 7 days, 1 month, 3 months, 6 months, 1 year.

EUROPEAN CURRENCY UNIT RATES

Table showing ECU rates for various countries like Spain, Netherlands, Belgium, etc.

OFFSHORE COMPANIES

Advertisement for offshore companies, mentioning services like incorporation and tax planning.

BASE LENDING RATES

Table showing base lending rates for various banks like Adams & Comp, Allied Trust, etc.

US TREASURY BILL FUTURES

Table showing US Treasury bill futures rates for various maturities.

PETROLEUM ARGUS DAILY OIL PRICE REPORTS

Advertisement for petroleum price reports, mentioning global crude oil and products markets.

MEMBERS OF LONDON INVESTMENT BANKING ASSOCIATION

- List of member banks including Citibank, HSBC, etc.

EUROBANK OPTIONS

Table showing Eurobank options rates for various currencies and maturities.

TOP-QUALITY SERVICE AT DISCOUNTED RATES

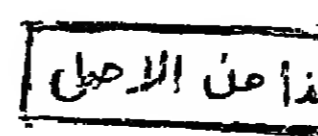
Advertisement for top-quality service at discounted rates, mentioning fast fills and commission savings.

BUSINESSES FOR SALE

Advertisement for businesses for sale, mentioning various opportunities and contact information.

MIKUN'S CREDIT RATINGS

Advertisement for Mikun's credit ratings, mentioning financial information services and Japanese corporate issuers.







LONDON SHARE SERVICE

RV TRUSTS SPLIT CAPITAL - Cont.

Table listing RV Trusts with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing Leisure & Hotels companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing Other Financial companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing Property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing Support Services companies with columns for Name, Price, and % Change.

AIM - Cont.

Table listing AIM companies with columns for Name, Price, and % Change.

LIFE ASSURANCE

Table listing Life Assurance companies with columns for Name, Price, and % Change.

PAPER, PACKAGING & PRINTING

Table listing Paper, Packaging & Printing companies with columns for Name, Price, and % Change.

MEDIA

Table listing Media companies with columns for Name, Price, and % Change.

RETAILERS, FOOD

Table listing Retailers, Food companies with columns for Name, Price, and % Change.

TELECOMMUNICATIONS

Table listing Telecommunications companies with columns for Name, Price, and % Change.

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

TEXTILES & APPAREL

Table listing Textiles & Apparel companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing Retailers, General companies with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing Pharmaceuticals companies with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing Other Investment Trusts with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing Oil Exploration & Production companies with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing Investment Companies with columns for Name, Price, and % Change.

OIL, INTEGRATED

Table listing Oil, Integrated companies with columns for Name, Price, and % Change.

OTHER FINANCIAL

Table listing Other Financial companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing Leisure & Hotels companies with columns for Name, Price, and % Change.

PHARMACEUTICALS - Cont.

Table listing Pharmaceuticals companies (continued) with columns for Name, Price, and % Change.

RETAILERS, GENERAL - Cont.

Table listing Retailers, General companies (continued) with columns for Name, Price, and % Change.

PROPERTY

Table listing Property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing Support Services companies with columns for Name, Price, and % Change.

WATER

Table listing Water companies with columns for Name, Price, and % Change.

AIM

Table listing AIM companies with columns for Name, Price, and % Change.

GRANADA INCREASED AND FINAL OFFER FOR FORTE Shareholder Helpline 0171 490 5200

TOBACCO

Table listing Tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing Transport companies with columns for Name, Price, and % Change.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service delivered by FT Data, a member of the Financial Times Group.

- Includes the most actively traded shares. The included UK shares show bid/offer prices and are published continuously through the Stock Exchange Automated Quotation System (SEAQ) and non-SEAQ shares through the SEAQ International system.

- FT Free Annual Reports Service: You can obtain the current annual/interim report of any company annotated with £. Please quote the code FT2864.

- FT Cityline: Up-to-the-second share prices are available by telephone from the FT Cityline service.

For readers phoning from outside UK, please dial +44 in place of the first 0.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing Bermuda (SIB Recognised) funds including Fidelity Company Funds Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

BERMUDA (REGULATED)\*\*

Table listing Bermuda (Regulated) funds including Royal Bank of Canada O/S Fd Mgrs Ltd, GAIM Fund Management Ltd, and others.

GUERNSEY (SIB RECOGNISED)

Table listing Guernsey (SIB Recognised) funds including AIG Investment Managers (Guernsey) Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

IRELAND (SIB RECOGNISED)

Table listing Ireland (SIB Recognised) funds including FT Fund Managers (Ireland) Ltd, AIG Fund Management Ltd, and others.

Table listing Guernsey (Regulated) funds including AIG Investment Managers (Guernsey) Ltd, Royal Bank of Canada O/S Fd Mgrs Ltd, and others.

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Table listing Ireland (SIB Recognised) funds including FT Fund Managers (Ireland) Ltd, AIG Fund Management Ltd, and others.

Table listing GAIM Fund Management Ltd - Contd. funds including GAIM Flight Select Funds Plc, GAIM Investment Fund (Ireland), and others.

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Table listing Ireland (Regulated) funds including AIG Fund Management Ltd, FT Fund Managers (Ireland) Ltd, and others.

Table listing CFP Interest Rate Arbitrage Fund Plc funds including Capital Value Fund Plc, Chemical Interest Fund Administrators Ltd, and others.

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Table listing Isle of Man (SIB Recognised) funds including AXA Equity & Low Int'l Bond Mgrs, Allied Dunlop Int'l Bond Mgrs, and others.

Table listing Ashburton Global Funds Ltd (2000) funds including Ashburton Global Funds Ltd, Ashburton Global Funds Ltd, and others.

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Table listing Jersey (SIB Recognised) funds including AIG Fund Managers (C) Ltd, AIG Fund Managers (C) Ltd, and others.

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Table listing Jersey (Regulated) funds including Barclays Int'l Funds, Barclays Int'l Funds, and others.

Table listing Drescherbank Asset Manager SA (a) funds including Drescherbank Asset Manager SA, Drescherbank Asset Manager SA, and others.

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Table listing Luxembourg (SIB Recognised) funds including AIG Asset Management Ltd, AIG Asset Management Ltd, and others.

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FT MANAGED FUNDS SERVICE

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Main table containing various fund categories: Global Asset Management, Magellan Emerging Mkts, Republic Funds, Other Offshore Funds, and Offshore Insurances. Each entry includes fund name, price, and change.

OFFSHORE INSURANCES

Table listing offshore insurance policies with columns for policy name, price, and change.

MANAGED FUNDS NOTES: Includes information about fund prices, currency, and contact details for the FT Cityline Help Desk.

LONDON STOCK EXCHANGE

MARKET REPORT

Footsie regains 3,700 as takeover fever returns

By Steve Thompson, UK Stock Market Editor

If there were lingering doubts about the equity market's reluctance to follow international bonds higher, they were dispelled yesterday as share prices in London and across the rest of Europe surged higher.

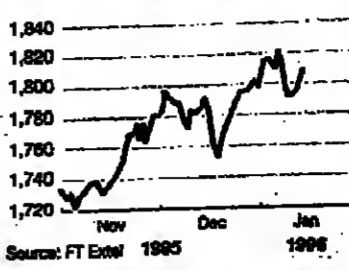
Finished at the day's best of 3,710.6 for a rise of 47.9 or 1.3 per cent on the session. With much of the day's activity concentrated in the FT-SE 100 stocks, the second liners were left trailing but still managed to record good gains.

where. Composite insurers were aggressively bought. Late news of a rights issue from Axa, the French insurance group, was seen as almost certain to produce a burst of takeover speculation in the sector this morning.

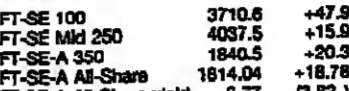
Trading began calmly, with the FT-SE 100 opening modestly higher in the wake of Wall Street's overnight fall, which saw the Dow Jones Industrial Average down 17 points at the close. But a strong opening by bonds and gilts and the Granada raid transformed the market, with the FT-SE 100 plunging through 3,700 and carrying on up for the rest of the session.

higher but ran into pockets of selling pressure which left it down 8 points some time after London had closed. Dealers said remarks by Mr Hans Thetmeyer, president of the Bundesbank, suggesting there was scope for further cuts in German interest rates, increased the chances of the German government sanctioning a rate cut tomorrow. Any move by Germany would probably be followed by the Bank of France, they said.

FT-SE-A All-Share Index



Equity shares traded



Indices and ratios

Table with 2 columns: Index Name and Value. Includes FT-SE 100 (3710.6), FT-SE Mid 250 (4037.5), FT-SE A 350 (1840.5), FT-SE A All-Share (1814.04), and FT-SE A All-Share yield (3.77).

Best performing sectors

Table with 2 columns: Sector and Change. Includes Leisure & Hotels (+2.8), Retailers, Food (+2.5), Insurance (+2.1), and Telecommunications (+2.0).

Worst performing sectors

Table with 2 columns: Sector and Change. Includes Banks, Merchant (-0.4), Household Goods (-0.4), Property (-0.1), Paper, Pkg & Printing (-0.0), and Health Care (-0.0).

Granada raid on Forte

Granada Group's bid for Forte was the market's main talking point yesterday after brokers acting for the former launched a mid-morning market raid on the latter.

across the board in response to newspaper comment focusing on the potential for takeovers within the sector. There was further help from a review by Cazemova. The broker does not comment on market talk, but dealers said it was a buyer of Royal Insurance, up 9 at 393p, and Commercial Union. Knocked previously by a critical note from Kleinwort Benson on environmental liabilities, CU's shares rose 6% to 616 1/2p.

its latest sector review. The broker said that, at the time of writing the review, the shares were trading at an 8 per cent discount to the sector while SmithKline Beecham and Zeneca were trading at respective premiums of 3 per cent and 5 per cent.

as investors took profits in the oil majors. BT squeezed forward 10 to 37 1/2p. Merrill Lynch said: "Given a considerable level of pessimism is already built into the share price, we believe there may be considerable upside if BT receives favourable outcomes from the MMC."

11m. Rank Organisation also benefited from the reinvestment and the shares hardened 10 to 48 1/2p. Thovn BMM gained 27 at 186 1/2p.

FUTURES AND OPTIONS

Table for FT-SE 100 INDEX FUTURES (LFFB) and FT-SE MID 250 INDEX FUTURES (LFFM) with columns for Open, Settle, Change, High, Low, and Est. Vol.

Table for FT-SE 100 INDEX OPTION (LFFO) and FT-SE MID 250 INDEX OPTION (LFFM) with columns for Call and Put prices.

Table for EURO STYLE FT-SE 100 INDEX OPTION (LFFO) with columns for various call and put options.

Table for EURO STYLE FT-SE 100 INDEX OPTION (LFFO) with columns for various call and put options.

MARKET REPORTERS:

Peter John, Joel Kibzozo.

TRADING VOLUME

Table for Major Stocks Yesterday with columns for Stock Name, Volume, and Change.

Analysts said a late afternoon statement from Mr Ian Lang, secretary of state for trade and industry, saying Granada must satisfy competition concerns before proceeding with the bid was "nothing to worry about".

Zeneca jumped yesterday as long-standing takeover speculation continued to build. Much of Zeneca's strength represented arbitrage money pouring out of Forte following Granada's raid for around 90m shares and looking for a new bid prospect.

Investors that relinquished Forte stock following yesterday's market raid were said to have reinvested most of the proceeds in leisure related stocks.

Ladbrokes ended the session as the best performing stock in the Footsie after the shares jumped 8% to 164 1/2p in trade of

LONDON RECENT ISSUES: EQUITIES. Table listing recent issues with columns for Issue Name, Price, and Yield.

FT GOLD MINES INDEX

Table for FT Gold Mines Index with columns for Jan 15, Jan 12, Jan 11, and Jan 10 values.

FINANCIAL TIMES EQUITY INDICES

Table for Financial Times Equity Indices with columns for Index Name and Value.

London market data

Table for London Market Data with columns for Total Rise, Total Fall, and Total Flat.

FT-SE Actuaries Share Indices

Table for FT-SE Actuaries Share Indices with columns for Index Name and Value.

The UK Series

Table for The UK Series with columns for Index Name and Value.

TSB Group plc and Lloyds Bank Plc have merged to form Lloyds TSB Group plc. JPMorgan logo.

Hoechst Corporation, a wholly owned subsidiary of Hoechst AG has acquired Marion Merrell Dow, Inc. JPMorgan logo.

Credito Italiano S.p.A. has acquired 76.36% of the shares of Gruppo Bancario Credito Romagnolo S.p.A. JPMorgan logo.

C&G Cheltenham & Gloucester has been acquired by Lloyds Bank Plc. JPMorgan logo.

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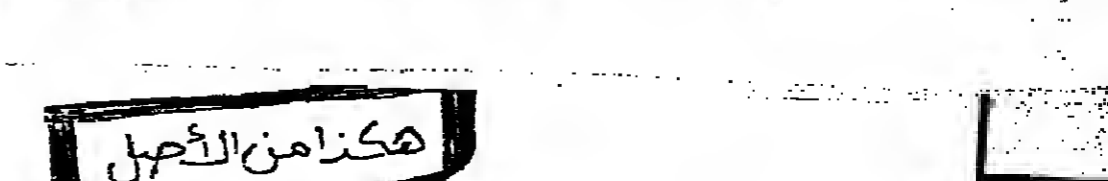
VOLVO AB Volvo has agreed to exchange its 27.5% holding in Pharmacia AB for a 13.6% holding in Pharmacia & Upjohn, Inc. JPMorgan logo.

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Large table containing FT-SE Actuaries All-Share, FT-SE Actuaries 350 Industry baskets, and Hourly movements. Includes columns for Index Name, Value, and Change.

Additional information on the FT-SE Actuaries Share Indices is published in Securities News. Lists of constituents are available from The Financial Times. Copyright © 1995 J.P. Morgan & Co. Incorporated. J.P. Morgan Securities Inc. and Morgan Guaranty Trust Company of New York are regulated by the SFL.





NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sections for Dow Jones, S&P 500, and various industry indices.

BE OUR GUEST. JOLY HOTEL DU GRAND SABON BRUSSELS. When you stay with us in Brussels, stay in touch with your complimentary copy of the FINANCIAL TIMES.

Continuation of the stock price table, listing various individual stocks and their market data.

Continued on next page

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NYSE COMPOSITE PRICES

NASDAQ NATIONAL MARKET

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change.

Table of NASDAQ National Market listing various stocks with columns for stock name, price, and change.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

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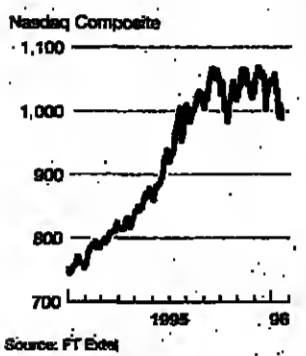
AMERICA

Dow volatile, further reverse for Nasdaq

Wall Street

US shares were mixed by early afternoon after a volatile morning that had seen prices rise strongly at the opening before falling back later in the session...

US



Average rose 25 points at the start of trading, before retracing all of its gain in the early afternoon. At 1 pm the Dow was 939 lower at 5,024.39.

Telmex off in Mexico

Mexico City slipped in early trade as the market braced itself for an increase in domestic interest rates. These were forecast to rise between 100 and 200 basis points at the central bank's weekly primary auction later in the session.

S African industrials at peak

Johannesburg gold shares picked up after Monday's pull-back, but they were less convincing than industrials which posted straight-line rises to register a record high for the third consecutive day.

EUROPE

The combination of a rising dollar and rate cut hopes was good for senior bourses. FRANKFURT set yet another all-time high, the Dax index closing the post-bourse 18.05 ahead at an all-time high of 2,579.43.

Turnover climbed from DM9.9bn to DM11.4bn. There were gains of more than a percentage point from the big three chemicals, BMW and MAN in automotive stocks, and Mannesmann in engineering.

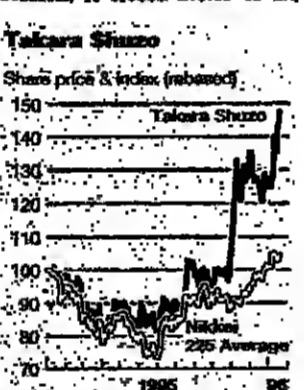
PARIS looked for a cut in domestic interest rates tomorrow, and the CAC-40 index advanced by 27.70 or 1.4 per cent to 1,952.10.

ASIA PACIFIC

Soros accolade caps good day for Nikkei, up 1.4%

Tokyo

Tokyo was treated to a last-minute accolade from the financier Mr George Soros, writes Our Markets Staff. Just before the end of trading, Mr Soros said that Japanese equities offered the best opportunity for world investors.



per cent higher at the day's best of 20,577.07, up from a low of 20,303.47. Volume was moderate, down from 695m shares to 418m. Winners outnumbered losers by 670 to 402, with 148 issues unchanged.

FTSE Actuaries Share Indices

Table with columns for Date, Index Name, and Value. Includes FTSE-100, FTSE-200, and FTSE-All-Share.

weighted internationalists such as Royal Dutch. The AEX index put on 2.79 to 504.56, a new record closing high.

News that DSM was to expand its Brazilian operations helped the stock rise F1.240 to F1.137, in spite of a UK broker's downgrade.

ZURICH overcame early weakness, encouraged by reports that a number of domestic and foreign brokers, who had visited the company in recent days, were downgrading their 1996 earnings forecasts sharply.

MONTEVIDEO picked up L17.2 to L19.1 as speculation about a rights issue faded: analysts said that a cash call by the group was unlikely with the share price below its nominal value of L1,000.

MADRID's revival was led by two of its privatisation stocks, Repsol and Telefonos, up Pta50, or 1.5 per cent to Pta4,085 and by Pta25, or 1.4 per cent to Pta1,796 as the general index rose 1.47 to 327.46.

STOCKHOLM reflected the dollar with a rise of SKr4, or 3.1 per cent to SKr134.50. Volvo B, and overnight gains in New York with Astra A rallying by SKr7.50, again 3.1 per cent, to SKr263. The Affarsvarlden general index rose 7.6 to 1,719.2.

ISTANBUL recovered Monday's 2 per cent fall despite the lack of clarification on the political front. The composite index rose 1,764.33 to 47,001 as

turnover came to \$8610.6m. The biggest falls were in Cerebos Pacific, the food group, which lost 60 cents to \$11.00, while the main gainer was Times Publishing, which rose 22 cents to \$8.68.

BANGKOK saw profits taken in the finance sector as the SET index slipped 5.18 to 1,371.64 in average turnover of Bt9.6bn. Some analysts remarked that investors were now becoming concerned about the forthcoming fourth-quarter results season.

JAKARTA was easier as most foreign investors decided it was time to book profits. The composite index slipped 5.47 to 563.45. Turnover amounted to Rp263.5bn. Telkom relinquished Rp25 to Rp3,225 and Indosat declined

at a high level, preasing a further loss of market shares in world trade. The consensus forecast for growth in 1996 was accordingly reduced to 2.5% from 3%.

A SECOND ROUND of revisions occurred last autumn when it became clear that massive structural adjustments were in store for the construction sector. These pushed the expected growth rate down to 2%.

Economic outlook for Germany at constant prices; percentage change on year

Table with columns for 1985, 1986, and 1996. Rows include Private consumption, Government consumption, Machinery and equipment, Construction, Domestic demand, Exports, Imports, and Gross Domestic Product.

Swings in business sentiment and the tenor of public debate usually exaggerate any changes in the actual economic situation. At the end of 1994, for example, optimism was running high, contributing to the sharp rise in long-term interest rates.

Predictions for Germany's economic growth have been scaled down significantly in recent months. And although psychology may have played a role here - when calculating their first estimates for 1996, forecasters realised they had been much too cautious for 1994 and did not want to repeat their mistake - there are two sound reasons for the downward adjustment. The first is that the D-mark unexpectedly appreciated further last spring. After an encouraging downward correction during the summer, it stabilised

But the figures for annual average growth fall to show that between mid-1995 and the spring of 1996 Germany's real GDP will expand hardly at all. In addition to the factors already mentioned, two other aspects are relevant here. One is the 1995 wage agreements, which boosted hourly rates in the western German goods-producing sector by 4.5%, compared with a rise of only 2% in 1994. This caused many firms to review their investment plans; above all, though, it has prompted them to consider shifting production abroad. Much suggests that this year's wage negotiations will result in lower increases. The second aspect is the virtually identical downward revision of growth forecasts in other Western European countries, due in part to concerted fiscal consolidation in an effort to meet the Maastricht criteria by 1997.

International presence: Almaty, Amsterdam, Antwerp, Atlanta, Bangkok, Barcelona, Bratislava, Beijing, Bonn, Bombay, Buenos Aires, Budapest, Buenos Aires, Calcutta, Caracas, Chicago, Copenhagen, Dallas, Geneva, Goshima, Grand Cayman, Hong Kong, Istanbul, Jakarta, Johannesburg, Kiev, London, Los Angeles, Luxembourg, Madrid, Manila, Moscow, Milan, Munich, Moscow, New York, Novosibirsk, Osaka, Paris, Prague, Rio de Janeiro, Sao Paulo, Seoul, Shanghai, Singapore, St. Petersburg, Sydney, Tehran, Tokyo, Toronto, Warsaw, Zurich.

COMMERZBANK German know-how in global finance

German know-how in global finance

FT/SE ACTUARIES WORLD INDICES

Large table showing FT/SE Actuaries World Indices with columns for National and Regional Markets, US, and DOLLAR INDEX. Includes sub-sections for National and Regional Markets.

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Germany: slow growth to continue in 1996

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